



General Assembly

Substitute Bill No. 387

February Session, 2006

* SB00387PD 031706 *

**AN ACT CONCERNING ASSESSMENT OF CERTAIN INCOME
RESTRICTED HOUSING.**

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. (NEW) (*Effective October 1, 2006, and applicable to assessment*
2 *years commencing on or after October 1, 2006*) Notwithstanding the
3 provisions of the general statutes, the present true and actual value of
4 real property used for residential rental purposes, where at least thirty
5 per cent of the residential units are subject to an agreement with a
6 municipality, the state, the federal government or any instrumentality
7 thereof restricting occupancy of such units to tenants who qualify in
8 accordance with an income limitation test, shall equal the capitalized
9 value of the actual net operating income of such real property after
10 deducting reserves required pursuant to the federal, state or municipal
11 program under which the agreement was entered. The valuation of
12 such real property shall not take into account federal or state income
13 tax credits, subsidized mortgage financing, project grants or other
14 governmental assistance used to offset the development cost of such
15 real property. As used in this section "net operating income" means the
16 gross rental income of the property as limited by the schedule of rents
17 or carrying charges, less all operating expenses and property taxes but
18 without deducting mortgage debt service or depreciation. The
19 capitalization rate to be applied to such net operating income for the
20 purposes of determining the true and actual value shall be the rate

- 21 generally applicable to commercial residential property that is not rent
22 restricted or government subsidized.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>October 1, 2006, and applicable to assessment years commencing on or after October 1, 2006</i>	New section

PD *Joint Favorable Subst.*